

## Message Text

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PAGE 01 LIMA 07115 201026Z  
ACTION ARA-10

INFO OCT-01 ISO-00 SSO-00 EB-04 SS-14 INR-05 SP-02  
INRE-00 /036 W

-----117482 201029Z /12

O 200050Z AUG 77

FM AMEMBASSY LIMA

TO SECSTATE WASHDC NIACT IMMEDIATE 6267

C O N F I D E N T I A L LIMA 7115

STADIS//////////

LIMDIS

FOR DELIVERY MORNING AUGUST 20

FOR ARA - FOR DEPUTY ASSISTANT SECRETARY ARELLANO

E.O. 11652: GDS

TAGS: ECON EALR PE

SUBJECT: PERU AND THE INTERNATIONAL FINANCIAL COMMUNITY

REF: (A) STATE 197833; (B) STATE 194542

1. THE WORDING OF THE PHRASE IN QUESTION -- "WHATEVER  
SUPPORT MAY BE POSSIBLE" -- WAS MEANT TO REFLECT OUR UNDER-  
STANDING OF THE SEVERE LIMITATIONS ON THE USG'S CAPACITY  
TO INFLUENCE THE DECISIONS OF THE INTERNATIONAL LENDING  
INSTITUTIONS, PUBLIC AND PRIVATE ALIKE. I HAVE REPORTED  
PREVIOUSLY ON MY EFFORTS TO DISABUSE THE GOP OF THE  
NOTION THAT THE FUND IS SOMEHOW RESPONSIVE TO USG POLICY.  
AND I WOULD BE THE LAST TO SUGGEST THAT WE TRY TO TELL  
THE PRIVATE BANKS WHAT TO DO WITH THEIR DEPOSITOR'  
MONEY IN THIS SITUATION. (WE ARE ADDRESSING THE IDB AND  
IBRD ASPECTS OF THE ISSUE IN A SEPARATE RESPONSE TO  
REF (B).

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2. BUT THERE MAY BE OPPORTUNITIES FOR US TO HELP AT THE  
MARGIN WITH RESPECT TO HOW THESE INSTITUTIONS APPROACH  
THE PERUVIAN PROBLEM. IN MY OWN CONTACTS WITH VISITNG  
BANKERS AND BUSINESSMEN I HAVE TRIED, FOR EXAMPLE, TO  
BRING OUT THE FACT THAT THE GOP'S CONCERN FOR THE SOCIAL  
AND POLITICAL CONSEQUENCES OF A DRASTIC AUSTERITY

PROGRAM IS SOMETHING MORE THAN A DELUSION OR AN EXCUSE.  
(ON THE OTHER SIDE I HAVE BEGUN TO BORE MY AUDIENCE  
WITH CONSTANT REPETITION OF THE THEME THAT NEGOTIATIONS  
WITH THE FUND SHOULD BE PURSUED DILIGENTLY.)

3. AS WE HAVE REPORTED, THE PERUVIAN TEAM IS TO BE IN  
WASHINGTON THIS WEEKEND FOR TALKS WITH THE FUND. CON-  
TRARY TO MY WORST FEARS OF THE PAST WEEKS, I THINK THE  
MESSAGE THEY BRING MAY NOT BE ALL THAT BAD. THE EVIDENCE  
TO DATE IS THAT THE GOP INTENDS TO CONTINUE EFFORTS TO  
LIMIT THE FISCAL DEFICIT AND HOLD DOWN MONETARY EXPANSION.  
THE STICKING POINT MAY BE THE PROBLEM OF THE EXCHANGE  
RATE, BUT WE ARE BY NO MEANS CERTAIN AS YET THAT THERE  
IS NO ROOM THERE FOR NEGOTIATION. IN ANY EVENT, THE  
PRESIDENT AND HIS COLLEAGUES SEEM GENUINELY CONVINCED  
THAT THE "SACRIFICES" THEY ARE MAKING RENDER PERU WORTHY  
OF A CONSIDERATE HEARING.

4. YOU MIGHT WANT TO LOOK INTO THE POSSIBILITY OF MEET-  
ING WITH THE PERUVIAN TEAM WHILE THEY ARE THERE.  
IT WOULD BE MOST HELPFUL TO ME TO HAVE YOUR FIRST-HAND  
IMPRESSIONS OF THEIR PLANS AND PROSPECTS.  
SHLAUDEMAM

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, RELATIONS WITH INTERNATIONAL ORGS, BANK LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 20-Aug-1977 12:00:00 am  
**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Errors:** N/A  
**Expiration:**  
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**Message ID:** 59c08457-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
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**Original Previous Classification:** n/a  
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**Reference:** 77 STATE 197833, 77 STATE 194542  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1541306  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PERU AND THE INTERNATIONAL FINANCIAL COMMUNITY  
**TAGS:** ECON, EALR, PE, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/59c08457-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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